SETTLEMENT AGREEMENT

I. General Purpose.

The parties to this Settlement Agreement -- the Michigan Pork Producers Association, Inc. ("MPPA"), National Pork Producers Council ("NPPC"), Pete Blauwiekel, Bob Bloomer, and High Lean Pork, Inc. (collectively "Plaintiffs"), and Ann Veneman, Secretary, United States Department of Agriculture ("USDA"), and the Acting Administrator, Agricultural Marketing Service ("AMS") (collectively "Defendants") – by their undersigned Counsel, agree to conclude, based on the Guiding Principle, and Specific and Miscellaneous Agreements set out below, the litigation styled: MPPA, et al., v. Ann Veneman, Secretary, USDA, and the Acting Administrator, AMS, and Defendant-Intervenors, Campaign for Family Farms, et al., Number 1:01-CV-34 (W. D. Mich.).

II. Guiding Principle.

This Settlement Agreement is based on the guiding principle that the National Pork Board ("Board") should operate independently of the NPPC, and any successor or similar organizations, while the Pork Checkoff Program[1] is in effect. The Specific Agreements that follow are intended to promote and ensure such independent operation.

III. Specific Agreements.

A. The Board shall adopt rules and regulations for selecting producers and importers for consideration by the National Pork Producers Delegate Body ("Delegate Body") as nominees to the Board. NPPC, and any successor or similar organizations, shall have no involvement in the nominating process. Such rules and regulations shall become effective following the March 2001 meeting of the Board.

B. The Board shall cease all joint communications with NPPC on a national level. However, this Settlement Agreement shall not prevent state pork producer organizations from sponsoring communications containing both Checkoff and non-Checkoff issues or materials.

C. The Board shall employ its own staff sufficient to provide administrative services, resource management, policy development, and industry communications. All NPPC staff who perform predominantly Checkoff-related functions, i.e., all staff whose current compensation is allocated more than 50 percent to the Pork Checkoff Program, shall be given the opportunity to transfer their employment to the Board.

D. The Board shall execute, administer, and manage its own contracts for promotion, research, and consumer information projects. These contracts are presently administered and managed by NPPC and are budgeted for approximately $40

---

[1] This reference is to the Pork Checkoff Program established by the Pork Promotion, Research and Consumer Information Act ("the Pork Act"), 7 U.S.C. § 4801, et seq., and its implementing regulations, 7 C.F.R §§ 1230.1-1230.639.

million for fiscal year 2001. All Checkoff-related contracts (i.e., contracts that are funded by the Checkoff) shall be assigned by NPPC to the Board. NPPC may no longer act as general contractor to the Board. However, all non-Checkoff assets of NPPC shall remain assets of NPPC. Further, nothing herein shall prevent the Board from entering into specific contracts with NPPC, or successor or similar organizations, provided any such contracts are at fair market value. The parties to this Settlement Agreement recognize that the transfer of functions, contracts, and employees from NPPC to the Board will involve certain reasonable expenses to be incurred by NPPC, including legal expenses, and agree that such expenses may be paid from Checkoff funds.

E. The Delegate Body and also NPPC, or successor or similar organizations, shall conduct separate annual meetings. However, these organizations may conduct their annual meetings at the same geographic locale and in multi-day sessions provided the sessions are separate and distinct, and provided Checkoff funds do not subsidize any activities of the NPPC, or successor or similar organizations. The parties agree that the March 2001 meeting of the Board may proceed as planned, but this change shall become effective following the 2001 meeting of the Board.

F. The Board may lease the current NPPC headquarters in Clive, Iowa at fair market value from NPPC or its successor organization(s). Nothing herein is intended to prevent other entities (other than NPPC) from leasing space at this building for fair market value.

G. The Board shall hire its own Chief Executive Officer ("CEO"). Current employees of NPPC who perform predominantly Checkoff-related functions are eligible for consideration for this CEO position.

H. The Board shall hire its own Chief Financial Officer ("CFO"). Current employees of NPPC who perform predominantly Checkoff-related functions are eligible for consideration for this CFO position.

I. The following restrictions shall apply to employment by the Board of current employees of NPPC:

1. No officer of NPPC or any successor organization(s) may serve as a member of the Board or the Delegate Body while holding that officer position or for two years after leaving that officer position.

2. No board member of NPPC or any successor organization(s) may serve as a member of the Board while holding that board position or for two years after leaving that board position. (However, such persons may serve on the Delegate Body.)

3. No CEO or CFO of NPPC or any successor organization(s) may serve as CEO or CFO of the Board while holding that position with NPPC or any

successor organization(s) or for two years after leaving that position with NPPC or any successor organization(s).

4. No vendor to the Board may serve on the Board during that vendor arrangement or for two years after that arrangement ceases, provided, however, that this does not apply to importers acting as vendors to the Board.

5. No NPPC employee who has performed predominantly non-Checkoff-related functions (of a policy-setting nature) may serve as CEO or CFO of the Board while performing those non-Checkoff-related functions for NPPC or for two years after ceasing to perform those non-Checkoff-related functions for NPPC. (However, employees who have performed predominantly Checkoff-related functions for NPPC are not subject to this restriction).

6. No NPPC employee who has performed predominantly non-Checkoff-related functions may be employed by the Board while performing those non-Checkoff-related functions for NPPC or for two years after ceasing to perform those non-Checkoff-related functions for NPPC. (However, employees who have performed predominantly Checkoff-related functions for NPPC are not subject to this restriction).

J. Nothing in this Settlement Agreement is intended to affect the current ability of state pork producer organizations to perform both Checkoff and non-Checkoff-related functions, provided that there is adequate accounting for, and separation of, all Checkoff and non-Checkoff funds and assets.

K. To evaluate the effectiveness of the Guiding Principle and Specific Agreements encompassed in this Settlement Agreement, USDA, or its successor, through the AMS, or its successor, will conduct, no earlier than June 2003, a survey of eligible pork producers and importers to determine if 15% of those eligible producers and importers favor a referendum. The costs of this survey will be paid for by the USDA, or its successor (i.e., not with Checkoff funds). If 15% of eligible producers and importers favor a referendum, one will be held in accordance with the Pork Act, 7 U.S.C. § 4812(b), and pertinent implementing regulations and rules.

L. USDA will take no action to terminate the Pork Checkoff Program based on the January 11, 2001 announcement of then-Secretary Glickman and/or the survey and referendum discussed in that announcement.

M. This Settlement Agreement is subject to any changes in pertinent law, regulations, or rules and USDA shall not be obligated to carry out any term(s) of this Settlement Agreement in the event any such changes preclude USDA from complying with, or withdraw USDA's authority to perform, such term(s). Should any such change in law prevent USDA from complying with any term of this Settlement Agreement, USDA will notify Counsel for Plaintiffs accordingly.

N. Nothing in this Settlement Agreement is intended to affect the Secretary's authority or discretion to take any action not covered by one or more of the Specific Agreements in this Settlement Agreement.

O. Plaintiffs will move to dismiss their claims against Defendants with prejudice, including any and all potential claims for attorney's fees, costs, and/or expenses in connection with this action, no later than thirty (30) days from the effective date of this Settlement Agreement. It is expressly understood and agreed that this dismissal is for settlement purposes and the parties to this Settlement Agreement reserve their respective legal positions in the event it becomes necessary to litigate any of the same legal issues in the future.

P. Terms not defined in this Settlement Agreement, but used in the Pork Act or its implementing regulations, shall have their meaning as used in the Pork Act or its implementing regulations.

IV. Miscellaneous Agreements.

A. The undersigned parties to this Settlement Agreement acknowledge that they have entered into this Settlement Agreement freely and voluntarily and that, other than as provided for herein, no promise or threat of any kind whatsoever has been made by the United States or by any employee or representative of the United States, or by any of the Plaintiffs or by any representative of any of the Plaintiffs, to induce any party to this Settlement Agreement to enter into this Settlement Agreement.

B. The parties to this Settlement Agreement acknowledge that this Settlement Agreement shall not constitute an admission of a violation of any law, regulation, or rule by any of the parties to this Settlement Agreement, or any current or former employee of any such party.

C. The parties to this Settlement Agreement acknowledge that there is adequate consideration for each and every Specific and/or Miscellaneous Agreement contained in this Settlement Agreement, and that this writing contains the entire Settlement Agreement between the parties to this Settlement Agreement, and that any modification to this Settlement Agreement must be made in writing and signed by all parties to this Settlement Agreement.

D. The parties to this Settlement Agreement acknowledge that each has read, reviewed, and understood in its entirety this Settlement Agreement, and that each party to this Settlement Agreement has had adequate time to confer with their undersigned counsel concerning this Settlement Agreement, and that each party to this Settlement Agreement has agreed to each of the provisions of this Settlement Agreement.

E. This Settlement Agreement may be executed in counterparts and all such executed counterparts shall constitute one Settlement Agreement, binding on all the parties hereto, notwithstanding the fact that all the parties hereto are not signatories to the original or to the same counterpart. Further, an executed copy and an executed facsimile of this Settlement Agreement shall be deemed to be as binding and effective as an executed original Settlement Agreement. However, this Settlement Agreement shall be effective only when it has been executed by all the parties to this Settlement Agreement and/or their legal representatives, and Plaintiffs have moved to dismiss their claims against Defendants, as provided in paragraph III.O. above.

F. The undersigned Counsel represent, warrant, and guarantee that they have been authorized to execute this Settlement Agreement, where indicated, on behalf of the party(ies) named.

DATED this ___ day of February, 2001.

UNITED STATES DEPARTMENT OF AGRICULTURE/
AGRICULTURAL MARKETING SERVICE
By____________________________________ Its
Counsel_____________________________________

MICHIGAN PORK PRODUCERS ASSOCIATION, INC.

By_____________________________________ Its
Counsel

By_____________________________________
Its President

NATIONAL PORK PRODUCERS COUNCIL

By____ Its Counsel

By____
Its Chief Executive Officer

By______________________________
Its President

Peter Blauwiekel

Robert Bloomer

End of Document

MOA-govt4.dft.wpd